

amendment to section 15(a)(1), contained in the Statement of the Managers on the part of the House appended to the Conference Report on the Fair Labor Standards Amendments of 1949:⁴

This provision protects an innocent purchaser from an unwitting violation and also protects him from having goods which he has purchased in good faith ordered to be withheld from shipment in commerce by a "hot goods" injunction. An affirmative duty is imposed upon him to assure himself that *the goods in question were produced* in compliance with the Act, and he must have secured written assurance *to that effect* from the producer of the goods. The requirement that he must have made the purchase in good faith is comparable to similar requirements imposed on purchasers in other fields of law, and is to be subjected to the test of what a reasonable, prudent man, acting with due diligence, would have done in the circumstances. (Emphasis supplied.)

This discussion would appear to be generally applicable also to the similar provisions of the Act contained in section 12(a).

§ 789.2 " * * * in reliance on written assurance from the producer * * * ."

In order for a purchaser to be protected under these provisions of the Act, he must acquire the goods "in reliance on written assurance * * * ." The written assurance specified in section 15(a)(1) is one from the "producer" and in section 12(a) it is one from the "producer, manufacturer or dealer."

Since the acquisition of the goods by the purchaser must be "in reliance" upon such written assurance it is obvious that the Act contemplates a written assurance given to the purchaser as a part of the transaction by which the goods are acquired and on which he can rely at the time of their acquisition. Thus, where the purchaser does not receive a written assurance at the time he acquires particular goods, he cannot be said to have acquired the goods "in reliance on" the specified written assurance merely because the producer later furnishes an assurance that all goods which the purchaser has previously acquired from him were pro-

duced in compliance with the Fair Labor Standards Act.

The assurances described in the Act are assurances in writing "from" the producer or "from" the producer, manufacturer, or dealer, as the case may be. It is therefore clear that the following procedures will not amount to "written assurance from the producer" within the meaning of the Act:

(a) The purchaser stamps his purchase order with the statement that the order is valid only for goods produced in compliance with the requirements of the Fair Labor Standards Act. No written statement concerning the production of the goods is made to the purchaser by the producer. The producer ships the goods which the purchaser has ordered.

(b) The purchaser stamps the above statement on his purchase order and in addition notifies the producer that shipment of the goods so ordered will be construed by the purchaser as a guarantee by the producer that the goods were produced in compliance with the Act. The producer ships the goods to the purchaser.

In neither of these situations can the purchase order be deemed to contain a written assurance from the producer to the purchaser. A statement concerning the circumstances under which the order will be valid is sent to the producer, but no written instrument at all is given the purchaser by the producer. Although, in these situations, the shipment of the goods by the producer may establish a contractual relationship between the parties, the conditions of the statute are not satisfied because there is in neither situation any written assurance from the producer to the purchaser that the goods were produced in compliance with applicable provisions of the Act referred to in sections 12(a) and 15(a)(1).

§ 789.3 " * * * goods were produced in compliance with" * * * the requirements referred to.

It is apparent from the language of the statute and the statement appended to the Conference Report⁵ that the written assurance referred to is one

⁴H. Rept. No. 1453, 81st Cong. 1st sess., p. 31.

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